BRITISH COLUMBIA

BC STATS Infoline

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highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **BC manufacturing shipments rose slightly in September, increasing by 0.7% (seasonally adjusted).** Of the three largest industries in BC, a decrease was posted in shipments of food products (-1.5%), with wood and paper and allied producers recording increased shipments of 3.1% and 4.8%, respectively. Manufacturing shipments of non-durable goods rose by 1.4% overall largely due to the strength of paper producers. The leather (-32.1%), refined petroleum and coal (-7.8%) and clothing (-7.1%) industries faired particularly badly. Other than paper, the only bright spots in non-durable goods came from the printing and publishing industries (+5.4%) and the plastics industry (+4.2%).

  Manufacturing shipments of durable goods also increased in September (+0.2%), but by a lower rate than non-durables. All but three of the industries in this sector posted declines, with the largest drops seen in the machinery and equipment (-16.8%) and furniture and fixtures industries (-10.0%).

  Despite the overall increase in September, third quarter (July-September) manufacturing shipments in BC fell by 4.2%, continuing the decline seen in the second quarter of this year. Manufacturers of durable goods posted a decline of 8.2%, while producers on the non-durables side saw shipments increase by 1.2% in the third quarter. *Source: Statistics Canada*

- **New motor vehicle sales in BC fell by 0.2% (seasonally adjusted) in September, while sales in almost all other provinces rose.** The largest increases were observed in Prince Edward Island (+13.5%), Nova Scotia (+3.4%) and Ontario (+3.0%), while Saskatchewan posted the largest decline of 1.6%. Overall, national sales increased for the second consecutive month, rising 1.8% in September compared with 5.2% in August.

  Source: Statistics Canada

- **Estimated receipts of restaurants, caterers and taverns in BC continue to be higher than 1999 levels.** Overall sales in 2000 have been higher than 1999 levels since February, making September the eighth consecutive month in which an increase has been posted. Total sales in BC were up by 11% in September compared to the same month last year. Both full service and limited service restaurant sales also increased in September, with the greatest gain being seen in the full service sector (+18%), which accounts for nearly 60% of total receipts. This continues an eight month trend in which sales have increased by more than 10% compared to 1999. Sales at drinking places also saw an increase (4.3%) for the fifth month in a row.

  Source: Statistics Canada

- **The number of residential home sales in BC fell (-5.4%) in September compared to the same month in 1999, but in some regions of the province, sales were up significantly.** There were declines of over 20% in some of the northern portions of the province, while sales in the Kootenay region climbed 13.1%. The Greater Vancouver region saw an 8.5% decline in residential sales, but the dollar amount was only down 2.0%. Meanwhile, in Victoria, unit sales were up 6.0% over September 1999, translating to a

Report **Services produced trade surplus**

Did you know...

Although Canadians and Americans consume similar quantities of milk, Canadians, on average, tend to prefer milk with less fat content. Americans consume twice as much homogenized milk per capita, while Canadians drink about 50 percent more 2% milk.

5.5% increase in the dollar value of sales.
Source: British Columbia Real Estate Association

- **Coal production in British Columbia is up 4% year-to-date to September over the same period in 1999.** This is despite the closure of the Quintette Coal mine in Tumbler Ridge at the end of August. So far almost 19 million tonnes of coal have been produced in BC in 2000, of which about 94% is metallurgical coal, which is mainly used in steel production. *Source: Ministry of Energy Mines*

Tourism

- The number of non-residents visiting Canada via BC for a stay of one or more nights increased slightly in September (0.7%) compared to a year ago. The number of visitors from the United States fell by 0.4% over the period, but remained unchanged between August and September this year (seasonally adjusted). Visitors to BC from other countries fell sharply in September (-5.4%), but increased by 3.1% compared to September 1999. *Source: Statistics Canada*

Tourism GDP

- **Gross domestic product (GDP) generated by the tourism sector was $4.3 billion (constant 1992 dollars) in 1998, up 0.7% from 1997.** Tourism GDP grew slightly faster than the BC economy as a whole. Tourism accounted for 4.8% of the province's GDP.
Source: BC Stats

Direct Tourism Employment

- **Employment in British Columbia's tourism sector fell 2.4% in 1999.** There were 106,830 people working in the tourism sector, down from 109,480 in 1998. Tourism employment in the food and beverage services industry—the largest employer in the sector—increased 1.6%, to 29,800, but there were 10.4% fewer people working in the accommodation sector (24,900) last year than in 1998. This is partly due to a shift from part-time employment to full-time employment, as indicated by an increase in the average weekly hours in the accommodation sector from 27.2 in 1998 to 28.9 in 1999.

The top performers in the tourism sector were the retail and wholesale trade (+3.0%) and transportation and communication (+2.2%) industries, while the amusement and recreation sector experienced the largest decline (-18.0%).

Tourism employment grew more slowly than the BC economy as a whole (+0.1%) for the second straight year.

The direct tourism employment estimate is a measure of the number of people working in various industries as a result of tourist activity. It is generated by BC Stats using data from Statistics Canada's Survey of Employment, Payroll and Hours. *Source: BC Stats*

Convention Centre Usage

- **The Victoria Conference Centre hosted 3,746 delegate days in August, a significant drop (-18.4%) from the same month of 1999.** Year-to-date, usage of the centre was down slightly (-0.4%). *Source: Pannell Kerr Forster*

- **The Vancouver Trade and Convention Centre also experienced a large drop in delegate days in August compared to the same month a year earlier.** The number of delegate days totalled 2,950, a fraction of the number of days (15,000) in August 1999. Year-to-date, usage of the centre is also significantly lower, down 13.5% from the first eight months of 1999. The large drops experienced in July and August were likely a result of the strikes at some Vancouver hotels.
Source: Pannell Kerr Forster

BC Sweeter and Stickier

- **Total honey production in BC rose from 1,166 metric tonnes in 1999 to 1,806 metric tonnes in 2000; an increase of 54.9%.** The number of bee colonies also increased from 47,615 to 47,968, however the number of beekeepers to look after them fell between 1999 and 2000 by 104. *Source: Statistics Canada*

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

November 17, 2000

Infoline Report: International commerce in services produces BC's only trade surplus

Contact: George Dufour / (250) 387-0376

Originally published in the July 2000 issue, *Exports*. Annual subscription: $60 + GST

Statistical Note: *Trade statistics used in this report are compiled on a 'balance of payments basis', as opposed to 'customs basis'. Customs basis trade statistics are more widely used for keeping track of developments in international trade, and are published monthly in tables attached to BC STATS'* ***Exports*** *statistical release (from which this report is reprinted). However they do not include estimates of service trade, whereas balance of payments statistics do.*

Balance of payments basis data used in this article have been drawn from two separate sources, provincial economic accounts and input output accounts. Both are maintained by Statistics Canada with annual data for years up to and including 1998. There are differences between statistics obtained from these two series, but none that are significant to the economic analysis presented here. All estimates of value or percentage growth are drawn from the provincial economic accounts and are based on constant 1992 dollars.

One of Four Components of Trade

The external trade of British Columbia or any other province can be grouped in four main components, each producing a separate balance of trade:

- goods trade with other countries
- service trade with other countries
- goods trade with other provinces
- service trade with other provinces.

In all but one of these British Columbia has been running deficits in recent years. Only in the exchange of services with international trading partners does British Columbia still maintain a positive trade balance, with the value of exports greater than the value of imports. Through most of the 1990s up to 1998, these surpluses have been rising.

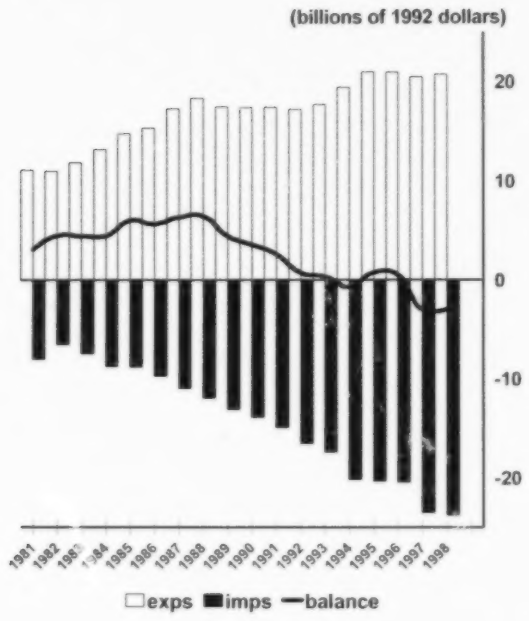
Service exports include activities ultimately paid for by individuals or organisations resident outside the province. These may take place abroad, elsewhere in Canada or within British Columbia itself. It is not where the service is provided that matters, but that the service is purchased by someone who is not a resident of British Columbia.

Services performed outside the province could include a British Columbia mining engineer working in South America to develop a foreign owned mine, or a British Columbia university operating a language school in Asia.

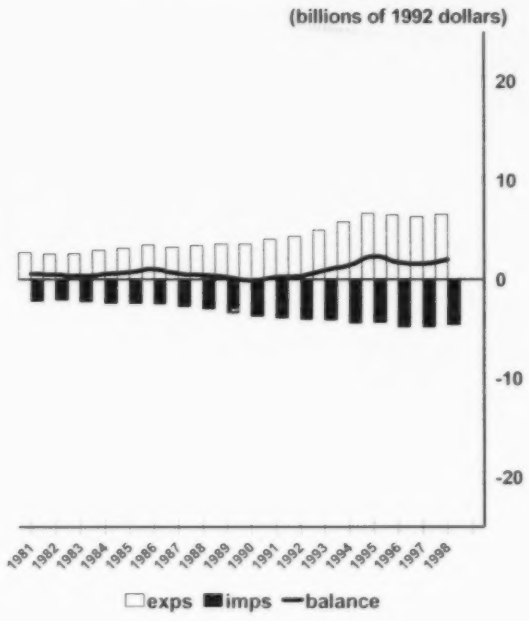
Services performed within the province include, for example, transportation and storage of goods belonging to people who are not British Columbia residents. Service exports take place when prairie wheat or Ontario machinery is shipped via British Columbia to China or Japanese cars are moved through on their way east. Other services performed in British Columbia for non-resident customers include providing accommodation, travel, and entertainment, for tourists, language education for Asian students, or technical support for American film producers.

Technological development has created new opportunities for service trade across borders. For example, services offered through the internet now include wholesaling, retailing, accounting, translation, and consulting, among others. Innovative uses of the internet have accounted for at least some of the recent increase in service trade. Another factor has been rising demand for transportation and related services to support the rapid expansion of world merchandise trade that is passing through British Columbia ports.

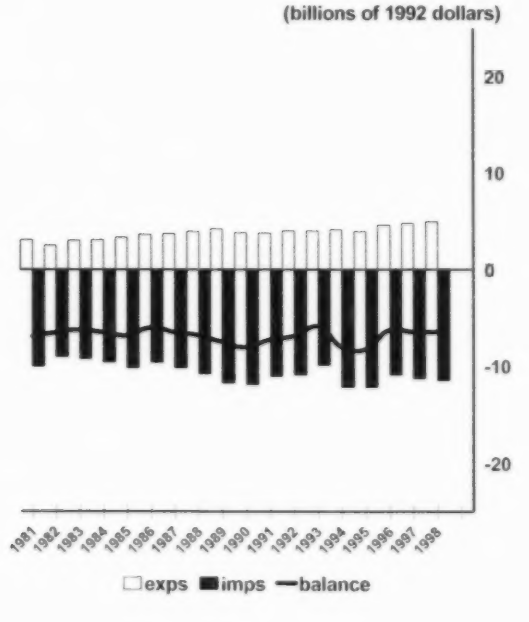
B.C. International Merchandise Trade



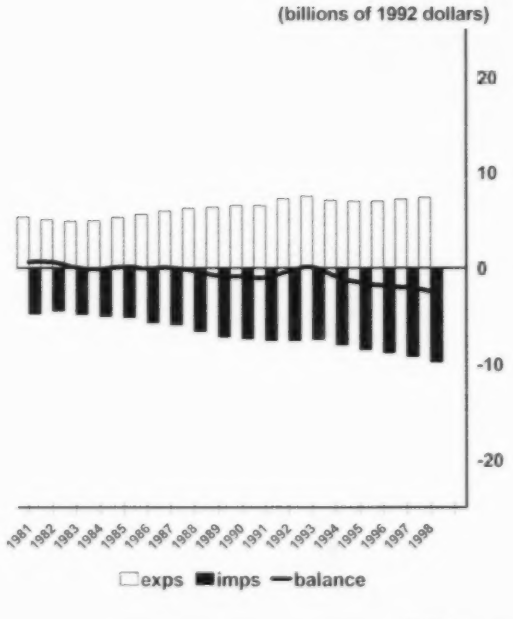
B.C. International Service Trade



B.C. Interprovincial Merchandise Trade



B.C. Interprovincial Service Trade



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International Service Exports Growing Fast

Service industries have been growing faster than manufacturing industries in British Columbia, so perhaps it should not be surprising that international exports of services have been growing faster than exports of merchandise products. Services now account for almost one out of every four export dollars the province earns in international markets.

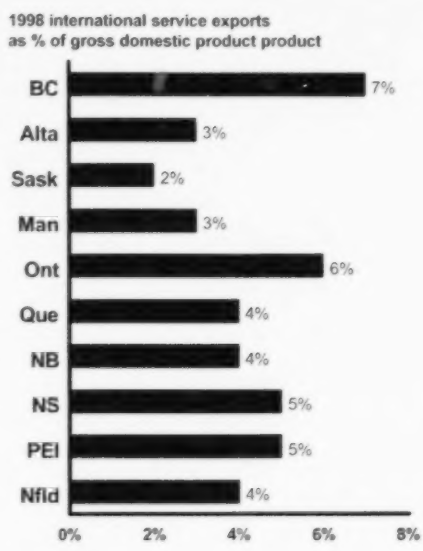
In terms of the economy as a whole, international service exports grew from 4 per cent of provincial gross domestic product in 1990, to 7 per cent in 1998. The 1998 ratio was the highest for any province, indicating that British Columbia has come to rely more on international service exports than the rest of Canada.

Although service exports have been rising fast, they still have a long way to go before they can match international merchandise exports. These amounted to three times the value of service exports in 1998.

British Columbia's geographic location is the basis for much of its service exports—both international and interprovincial. Occupying the entire Pacific coast of Canada, British Columbia is guaranteed a substantial market for transportation and tourism services because much of the merchandise traffic moving between Canada and its Pacific trading partners must pass through the province's rail, sea and air facilities.

Expanding Pacific Rim trade has naturally benefited British Columbia's service exporting industries as well as its exporters of resource and manufactured goods. As Canadian trade with Asia grew rapidly through the first half of the 1990s, it stimulated rapid growth in British Columbia's transportation sector. Rail facilities were improved and expanded. New facilities and improvements at the Port of Vancouver established it as the leading port for westbound cargo from North America. Both passenger and cargo facilities were expanded at Vancouver International Airport, establishing it as a major hub for passenger and freight traffic between North America and Asia.

International Service Exports More Important To British Columbia



These developments confirmed freight transportation and storage services as the largest component of the province's international service exports in 1998, amounting to 39 per cent of the total. Accommodation and food services accounted for another 15 per cent.

International Service Trade Surpluses Cancelled Out By Deficits For Interprovincial Trade

During most of the 1990s, as British Columbia's balances for international service trade were climbing, its balances for interprovincial service trade were falling. Service trade with other provinces was more or less balanced through the 1980s and into the early 1990s. But after 1993 British Columbia began to experience persistent and growing deficits. These grew at a pace slightly exceeding growth in surpluses for service trade with international partners. The result has been a shift in British Columbia's overall service trade balances (interprovincial plus international) into the negative for the period from 1996 through 1998.

As with its international service trade, British Columbia's west coast location has ensured that the province is a net exporter of transportation and storage services to the rest of Canada. Indeed, transportation, storage and communication activities accounted for 23 per cent of all British Columbia 1998 exports to other provinces—including both goods and services.

But British Columbia has done less well in exporting other types of services to the rest of Canada. It has become a net importer of administration and domestic distribution services.

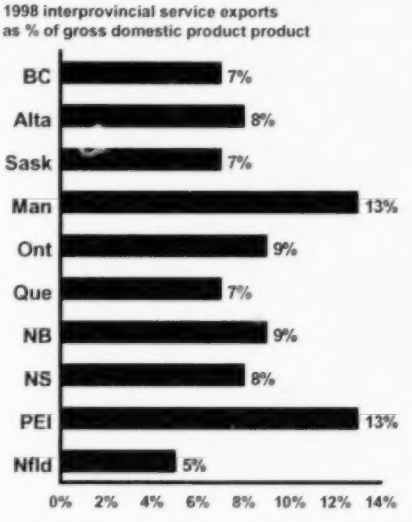
Service imports from the rest of Canada have been largely in business finance and wholesale distribution categories. Twenty per cent are classified as finance, insurance and real estate services. Another 20 per cent are wholesaling margins - the fees wholesale distributors charge for handling goods destined to be consumed in British Columbia.

Corporate concentration on a national and regional basis has been one reason that overall imports of services from other provinces have grown faster than exports to them.

When companies operating in British Columbia are headquartered elsewhere in Canada, the province effectively becomes an importer of corporate head office services. Similarly, the province becomes an importer of services when a national call centre is located in New Brunswick, or a regional warehouse and repair facility for western Canada is located in Edmonton.

As corporate service functions are being consolidated, competition has increased between provinces and U.S. states to attract centralised service facilities. British Columbia's far western geographic location may have been something of a handicap in this competition. Location is certainly far from being the only factor. But, to the extent that companies prefer to locate head offices and corporate service centres near to the geographic centre of western Canada, British Columbia's Pacific gateway location has likely been a mixed blessing for its service trade with the rest of Canada.

Interprovincial Service Exports More Important to Most Other Provinces



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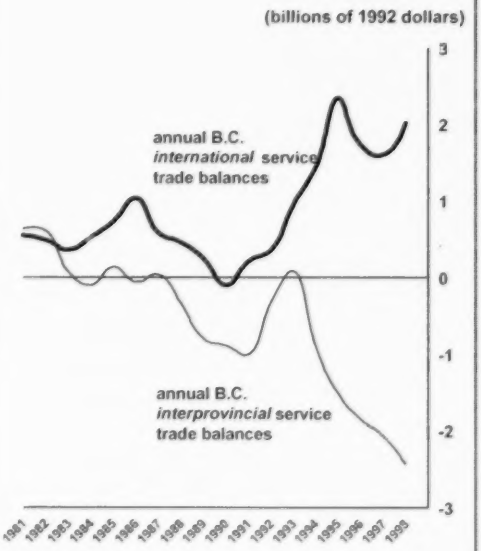
B.C. Service Trade Balances: International and Interprovincial



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BC at a glance . . .

POPULATION (thousands)	Jul 1/00	% change on one year ago
BC	4,063.8	0.9
Canada	30,750.1	0.8
GDP and INCOME		
(BC - at market prices)	1999	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	118,783	4.2
GDP *($ 1992 millions)*	104,323	2.1
GDP *($ 1992 per Capita)*	25,899	1.3
Personal Disposable Income *($ 1992 per Capita)*	16,700	0.0
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Sep	3,124	-3.0
Merchandise Exports (raw) Aug	2,776	11.2
Retail Sales (seasonally adjusted) Aug	2,993	6.9
CONSUMER PRICE INDEX		
(all items - 1992=100)	Sep '00	% change on one year ago
BC	114.3	1.9
Canada	114.4	2.7
LABOUR FORCE (thousands)		
(seasonally adjusted)	Oct '00	% change on one year ago
Labour Force - BC	2,123	2.8
Employed - BC	1,960	2.9
Unemployed - BC	163	1.8
		Oct '99
Unemployment Rate - BC *(percent)*	7.7	7.7
Unemployment Rate - Canada *(percent)*	6.9	7.1
INTEREST RATES (percent)	Nov 15/00	Nov 17/99
Prime Business Rate	7.50	6.25
Conventional Mortgages - 1 year	7.90	7.35
- 5 year	8.25	8.25
US/CANADA EXCHANGE RATE	Nov 15/00	Nov 17/99
(avg. noon spot rate) Cdn $	1.5507	1.4674
US $ *(reciprocal of the closing rate)*	0.6436	0.6805
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Oct '00	% change on one year ago
BC	647.97	2.5
Canada	622.58	3.6

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

Provincial GDP released

GDP figures to the left reflect the release of 1999 data last week by Statistics Canada.

Released this week by BC STATS

- Earnings and Employment Trends—Tables only

Next week

- Earnings and Employment Trends—Article
- Consumer Price Index

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